

March 1, 2016

Mr. Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549-0609

**Re: File No. S7-23-15**

Dear Mr. Fields:

The Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (“SEC’s” or “Commission’s”) proposal to amend Regulation ATS (the “Proposal”).<sup>1</sup> CBOE supports the Proposal’s objective to enhance the operational transparency of alternative trading systems (“ATs”) that transact in National Market System (“NMS”) stocks (“NMS Stock ATs”).

As stated in previous letters,<sup>2</sup> we believe ATs do not add sufficient value to offset the regulatory inequity and market fragmentation they create. ATs are trading centers currently operating under a regulatory structure that allows them to have opaque rules, memberships, and order handling processes. We believe this Proposal does represent meaningful progress in the effort to increase the operational transparency of NMS Stock ATs.

The Proposal specifically seeks to adopt Form ATS-N, which requires NMS Stock ATs to provide detailed information regarding their operation and ownership. We support the adoption of Form ATS-N and believe it will improve the transparency of these trading venues. The increased availability of information regarding the operations of NMS Stock ATs, including: types of subscribers, types of orders, connectivity, order entry, order interaction rules, order handling and execution procedures, etc., should improve market participants’ ability to make informed decisions.

The Proposal also requires NMS Stock ATs to have a Form ATS-N filing deemed effective by the Commission prior to operating the ATs,<sup>3</sup> and the Commission is required to declare ineffective a Form ATS-N if it finds “that such action is necessary or appropriate in the

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<sup>1</sup> Securities Exchange Act Release No. 76474 (November 18, 2015), 80 FR 80997 (December 28, 2015).

<sup>2</sup> See Letter dated January 28, 2016 from Edward T. Tilly, CEO, CBOE, to the Equity Market Structure Advisory Committee and Letter dated May 11, 2015 to Stephen I. Luparello, Director, Division of Trading and Markets.

<sup>3</sup> Proposed Rule 304(a)(1)(iii) provides that the Commission will declare effective a Form ATS-N filing if the NMS Stock ATs qualifies for the Rule 3a1-1(a)(2) exemption. Rule 3a1-1(a)(2) provides that an organization, association, or group of persons shall be exempt from the definition of the term “exchange” under section 3(a)(1) of the Securities Exchange Act if such organization, association, or group of persons is in compliance with Regulation ATs.

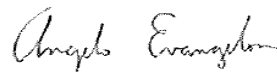
public interest, and is consistent with the protection of investors.”<sup>4</sup> We believe requiring NMS Stock ATSS to have an effective Form ATS-N is a step in the right direction. However, the Proposal appears to be much less stringent than the standards exchanges must satisfy for rule changes.

The Commission is also proposing that Form ATS-N filings be made publicly available, but only after the Commission has determined that a filing is effective or ineffective. As previously noted, we believe the adoption of Form ATS-N and the publication of Form ATS-N filings will modestly enhance operational transparency related to NMS Stock ATSS. However, we believe the value of public comment in making determinations under the new Rule is missing. The stock exchanges’ rule change filings are made publicly available and are subject to comment prior to approval. We believe Form ATS-N filings should be the same.

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CBOE supports the effort to enhance the operational transparency of NMS Stock ATSS and appreciates the opportunity to comment on the Proposal. If you have any questions, or if we can provide further information, please contact Angelo Evangelou at [REDACTED] or Kyle Edwards at [REDACTED].

Sincerely,



Angelo Evangelou

cc: Mary Jo White, Chair  
Michael S. Piwowar, Commissioner  
Kara M. Stein, Commissioner  
Stephen Luparello, Division of Trading and Markets  
David S. Shillman, Division of Trading and Markets

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<sup>4</sup> Proposed Rule 304(a)(1)(iii).